



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- AND -

**IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES, GLOBAL CAPITAL GROUP,
CROWN CAPITAL MANAGEMENT CORP., MICHAEL CHOMICA, JAN CHOMICA
and LORNE BANKS**

REASONS FOR SANCTIONS

At the conclusion of the hearing held on October 2, 2013 (the “**Hearing**”), I ordered sanctions against Michael Chomica (“**Chomica**”) in connection with an agreed statement of facts (the “**Agreed Statement of Facts**”) and a joint submission on sanctions (the “**Joint Submission on Sanctions**”) entered into by Chomica and Staff of the Ontario Securities Commission (“**Staff**”). These are my reasons as to the sanctions ordered against Chomica at the Hearing.

The Hearing was held in relation to proceedings pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”) (the “**Section 127 Proceedings**”), in which Chomica is a named respondent. Chomica is also a respondent to proceedings in the Ontario Court of Justice, pursuant to subsection 122(1)(c) of the Act (the “**Section 122 Proceedings**”). In connection with the Section 122 Proceedings, on February 14, 2013, the Ontario Court of Justice accepted a guilty plea by Chomica for three counts of fraud, contrary to sections 122 and 126.1(b) of the Act (the “**Guilty Plea**”). On March 14, 2013, the Ontario Court of Justice sentenced Chomica to 18 months of incarceration for the first count of fraud and two years each for the second and third counts of fraud, to be served concurrently (the “**Conviction**”). Pursuant to paragraph 1 of subsection 127(10) of the Act, I found that Chomica’s Conviction may form the basis of an order in the public interest under subsection 127(1) of the Act.

The Section 127 Proceedings were initiated on March 27, 2013 when the Ontario Securities Commission (the “**Commission**”) issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the Act against Global Consulting and Financial Services (“**Global Consulting**”), Global Capital Group (“**Global Capital**”), Crown Capital Management Corp. (“**Crown Capital**”), Chomica, Jan Chomica and Lorne Banks (“**Banks**”). On July 17, 2013, the Commission approved of a settlement agreement between Staff and Banks. On August 6, 2013, the Commission approved of a settlement agreement between Staff and Global Consulting and Jan Chomica. Following a motion hearing held on September 4, 2013, the Commission ordered that the oral hearing on the merits as it relates to Chomica, Crown Capital and Global Capital be converted to a written hearing. Staff subsequently filed an Amended Statement of Allegations on September 13, 2013. Pursuant to the Amended Statement of Allegations, Staff alleged that Chomica breached sections 25 and 126.1(b) of the Act and engaged in conduct that was contrary to the public interest and harmful to the integrity of the Ontario capital markets.

On October 1, 2013, the Commission ordered that an oral hearing be held on October 2, 2013 to consider the Agreed Statement of Facts and the Joint Submission on Sanctions, as well as to consider the next steps in the proceeding with respect to Crown Capital and Global Capital. In connection with the Hearing, Staff filed the following materials with the Registrar of the Commission: the Agreed Statement of Facts; the Joint Submission on Sanctions; the Statement of Facts for the Guilty Plea, dated February 14, 2013; an accompanying appendix; and a transcript from a hearing held before the Ontario Court of Justice on February 14, 2013 in relation to the Guilty Plea.

I was satisfied that Chomica fully accepted, agreed to and understood the facts and sanctions contained in the Agreed Statement of Facts and the Joint Submission on Sanctions. However, I note that the Agreed Statement of Facts only relates to Chomica’s contraventions of sections 122 and 126.1(b) of the Act. The Agreed Statement of Facts does not relate to Staff’s allegation of Chomica’s breach of section 25 of the Act. Staff did not pursue its allegation against Chomica in relation to section 25 of the Act, as set out in the Amended Statement of Allegations, and therefore I make no finding in relation thereto.

Having reviewed the submissions of Staff and Chomica and having heard the oral submissions of the parties, I found that Chomica’s fraudulent misconduct that led to the Conviction required strong sanctions to be imposed. I found that it was appropriate and proportional to the circumstances that the following sanctions be imposed at the Hearing:

- permanent trading, acquisition and exemption bans, pursuant to clauses 2, 2.1 and 3 of subsection 127(1) of the Act;
- Chomica was reprimanded orally at the Hearing, pursuant to clause 6 of subsection 127(1) of the Act;
- permanent director and officer bans, pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act;
- a permanent ban from becoming or acting as a registrant, as an investment fund manager or as a promoter, pursuant to clause 8.5 of subsection 127(1) of the Act;
- a disgorgement order in the amount of \$550,000 that was obtained through Chomica's non-compliance with Ontario securities law, pursuant to clause 10 of subsection (1) of the Act; and
- a telephoning ban to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities, pursuant to subsection 37(1) of the Act.

In relation to the disgorgement order, I note that the Agreed Statement of Facts states that Chomica obtained \$550,000 as a result of his non-compliance with Ontario securities law. At the Hearing, Chomica agreed to forfeit to the Commission \$2,000 in cash that was seized by Staff during the execution of a search warrant on his residence and to have that amount applied towards any disgorgement order made by the Commission. Once Chomica has fully satisfied the terms of the disgorgement order, I found that he shall be permitted to acquire and/or trade securities for the account of his registered trading retirement savings plan (“RRSP”) as defined in the *Income Tax Act*, R.S.C. 1985, c. 1, as amended.

DATED at Toronto this 2nd day of October, 2013.

“Alan Lenczner”

Alan J. Lenczner